

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS YEREVAN 002216

SIPDIS

SENSITIVE

E.O. 12958: N/A

TAGS: [ECON](#) [PREL](#) [PGOV](#) [AM](#)

SUBJECT: RUSSIAN-GEORGIAN BORDER CLOSING "NOT TRAGIC" BUT COSTLY FOR ARMENIA

1. (U) Sensitive But Unclassified. Please protect accordingly.

-----  
SUMMARY  
-----

2. (SBU) As a result of the Russian-Georgian border closure roughly one thousand trucks bound for Armenia are stuck at the Verkhniy Lars border crossing point between Russia and Georgia. According to Deputy Minister of Trade Tigran Davtyan, the situation "is not tragic--but will create some additional costs." The closure has created significant difficulties for the companies that currently have large shipments halted at the border: to reroute now will add thirty percent to transport costs and is bureaucratically cumbersome. Importers are rerouting new shipments through the Ukraine, which will add about 10 percent to transport costs for Russian goods. The GOAM has approached the Russian government "at the highest level" to solve the situation at recently as October 6, but to no avail. The Russian government maintains that the closed border is an issue of terrorism control and, while expressing sympathy for the impact on Armenia, has offered no timeline to reopen the border. End Summary.

-----  
GEORGIA - RUSSIA BORDER CLOSED AFTER BESLAN ATTACKS  
-----

3. (SBU) The Russian government closed the Verkhniy Lars border crossing with Georgia immediately following the September 1 attack at the Beslan School. In an official visit to Armenia at the beginning of October, Sergey Mironov, Chairman of the Russian Federation Council, stated that the border closure was mandated by the existing threat of terrorism in North Ossetia and was not directed against cargo transport to Armenia. Russian officials have told the GOAM that Russia has a legitimate concern that terrorists are entering North Ossetia from Georgia.

-----  
ARMENIA TO DIVERT RUSSIAN IMPORTS THROUGH BLACK SEA  
-----

4. (SBU) The lion's share of Armenia's imports transit Georgian territory, and nearly all imports from Russia (15 percent of Armenia's imports) came across the Verkhniy Lars border before September 1. Nearly one thousand trucks bound for Armenia are currently at the border awaiting special permission to continue into Armenia. According to Davtyan, in a few exceptional cases the Russian border guards permitted some trucks to cross in the first days of the closure, but now the border is completely closed. Importers are beginning to reroute trucks through the Ukraine to the Georgian seaport of Poti, and then overland to Armenia, adding thirty percent to transport costs for those trucks currently stuck at the border.

-----  
CLOSURE VIEWED AS MORE OR LESS PERMANENT  
-----

5. (SBU) The GOAM notes that the Russian government has not provided them a timeline for reopening the border. Although Armenia and Russia are strategic allies, the GOAM has accepted Russia's explanation for the closure and the Ministry of Trade has told Armenian importers to seek alternative import routes. Although the closure is hurting those companies that currently have goods halted at the border, the long-term effects will be slight additional transport costs on Armenian's imports from Russia.  
RICHTER